

The Board of Directors presents Iemas' first Management Decision Report, which has been prepared in accordance with the Co-operatives Amendment Act, No 6 of 2013 and in terms of the disclosure requirements outlined in the Regulations for Co-operatives, gazetted on 18 April 2019. The Management Decision Report assesses the Co-operative's compliance with legislative requirements and the requirements contained in the Constitution of the Co-operative.

REGULATORY ENVIRONMENT

Iemas' compliance with legislative requirements and the regulatory environment in which the Co-operative operates are disclosed on page 24.

OBJECTIVES

Iemas' objectives are reviewed annually by management and presented to the Board during May, at which time agreement is reached on the strategic objectives of the Co-operative and a strategy is approved for the ensuing year as well as for a three-year period. Throughout the year, and at each Board meeting, management provides feedback to the Board on the achievement of these objectives.

POLICIES AND PROCEDURES

Proper governance and compliance practices are implemented, whereby standard written operating procedures and policies are developed and communicated to staff. Policies and procedures are updated to ensure that they remain relevant. These policies and procedures include, but are not limited to, staff recruitment and administration, finance, procurement, loans and credit. A manual with Iemas' policies and procedures is accessible to all employees of the Co-operative on Iemas' intranet and forms part of the Group's induction programme.

IMPLEMENTATION OF POLICIES AND PROCEDURES

The Board is not aware of any policies and/or procedures that have been laid down by the members and no matters of this nature were reported at the annual general meeting held on 30 October 2018.

The Board has adopted Iemas' policies and procedures. All policies and procedures are subjected to a combined assurance evaluation, accompanied by assurance monitoring with regular feedback to the Board. Adherence to policies and procedures is monitored and the process, outlined in the Group's disciplinary code, is followed in the event of a breach.

DEMOCRATIC ELECTION OF BOARD MEMBERS

When new members are elected to the Board, a formal nomination process is followed, whereby members are invited to nominate individuals for appointment as directors to the Board. The Human Resources Committee determines the minimum required skills set, which the Co-operative needs to execute on its strategy. Board vacancies are advertised to members, thereby providing an opportunity to nominate individuals for appointment as directors to the Board. All nominations are evaluated against the pre-determined skills set and compliance with Iemas' rules by the Human Resources Committee. At the annual general meeting, all compliant candidates are nominated for election, with the Board providing assurance that due process had been followed and that the proposed candidates met the stipulated requirements. Directors are, therefore, democratically elected at the annual general meeting.

DELEGATION OF AUTHORITY

The delegation of authority framework is a formal framework approved by the Board. The detailed framework contains all decision-making structures, including but not limited to, the Co-operative, subsidiaries, members, the Board of Directors, the Executive Committee through to line management. The framework provides clarity on ranges of decision-making relating to monetary values and percentages, amongst others.

IEMAS' BUSINESS PLAN

The Co-operatives' business plan is officially reviewed annually, with regular feedback to the Board and/or Sub-committees of the Board on the execution of the business plan. Should circumstances, such as the economic environment or the legislative landscape, change during the year causing the business plan to not be realistic or relevant, the business plan is adapted to allow for the changed scenario.

The official annual review in May comprises two phases:

- Phase 1: updating the Board of Directors on the status of the environment in Iemas' operating universe, including the risks associated with strategic assumptions that are made, with feedback on the achievement of goals set in prior strategy sessions; and
- Phase 2: determining the strategy going forward taking cognisance of the background created in Phase 1.

MEETINGS

Official minutes are taken of all Board and Sub-committee meetings as well as the annual general meeting, with a formal structure of matters arising remaining an agenda item until the conclusion of the relevant matter arising. A summary of the outcome of the annual general meeting is posted in Iemas' public website.

DECLARATIONS OF INTERESTS

On the nomination of an appointee to the Board, a declaration of interests is completed by the nominee. On appointment as a director to the Board, an official declaration of interests is lodged with the Co-operative Secretary. At every Board and Sub-committee meeting, members declare their interests and potential conflicts.

Iemas' employees complete an annual declaration of interests and should any outside work be undertaken by a staff member, the staff member's manager has to approve such work.

Registers of interests are kept and updated, as required.

CHANGES TO IEMAS' CONSTITUTION

There have been no changes to Iemas' Constitution during the reporting period.

At the annual general meeting to be held on 31 October 2019, amendments to the Constitution will be presented to members for their consideration and approval. These amendments have been necessitated by the proclamation of the Co-operatives Amendment Act, No 6 of 2013 and the Regulations for Co-operatives, as well as to align the Constitution to Iemas' strategy.

BOARD APPROVAL

The Board certifies that to the best of their knowledge and belief, Iemas has complied with all legal requirements as well as the requirements of Iemas' Constitution.

SUBMISSION

On approval at the AGM to be held on 31 October 2019, the Management Decision Report will be submitted to the Companies and Intellectual Property Commission (CIPC), as required by the Act. The Management Decision Report will be updated and submitted to CIPC on an annual basis.

AUDIT OPINION

The unqualified audit opinion is included on page 62. The audit opinion notes the responsibility of the external auditor to read the other information included in the Management Decision Report and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements or their knowledge obtained in the audit, or otherwise appears to be materially misstated.

In addition, external audit has reported on their responsibilities in terms of section 31(1)(a) of the Co-operatives Act, 2005 (Act No 14 of 2005) as amended by the Co-operatives Amendment Act, 2013 (Act No 6 of 2013) (the "Act") on the submission of the certificate as required by section 31(1)(a).

Signed for and on behalf of the Board



Willem van Heerden
Chairman